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February 15, 2008

The Honorable Margaret Spellings
Secretary of Education
U.S. Department of Education
400 Maryland Ave, S.W.
Washington, DC 20202

Dear Secretary Spellings:

We have been closely watching news reports describing the current insecurity and uncertainty in the capital markets which has resulted in the failure of several student loan auctions according to *The Wall Street Journal*. This issue was also raised at Congressional hearings yesterday in both the House and the Senate. In the question and answer period of the Senate hearing, Secretary Paulson responded to Senator Dodd by indicating a need to closely monitor the student loan situation.

Therefore, we are writing to express our concern about the impact of these market disturbances on student access to postsecondary education. We are happy to hear that you have reached out to and will be meeting with others in the Administration who have a deep understanding of financial markets in order to discuss these issues. When coupled with the deep subsidy cuts enacted through the College Cost Reduction and Access Act (CCRAA), the current market disturbances have severely weakened the market for student loan securities and called into question the future stability of a market that provides tens of billions of dollars to aspiring college students each year.

During the recent debate concerning legislation to reauthorize the Higher Education Act, amendments were put forth in an effort to call attention to this looming challenge. Specifically, those proposals sought action on your part and the part of the Treasury Secretary to closely monitor the impact of the credit markets as it relates to student loans and to use existing authority

to respond to the situation if students' access to higher education is affected. Unfortunately, the Democrat controlled Rules Committee showed their lack of concern with access to student loans and voted to exclude our amendments from the debate. Regardless of this clear lack of concern, we continue to believe Congress and the appropriate federal agencies have an obligation to consider the challenges facing the student loan financial markets.

To date, we have heard anecdotal evidence of the market impact on student lending. For instance, we are aware that borrower benefits have been curtailed, lenders are leaving the federal loan program, and private loans are becoming less available. For example, the Michigan Student Loan Authority announced its decision to suspend the Michigan Alternative Student Loan program, the state agency's private loan program utilized by more than 100 colleges and universities in Michigan.

We look forward to hearing from you after your meeting with others in the Administration and working with you to ensure that all students continue to have access to student loans and choice in their student loan lender. In the meantime, please do not hesitate to call upon us if there is any assistance we can provide.

Sincerely,

A handwritten signature in cursive script that reads "Buck".

Howard P. "Buck" McKeon
Senior Ranking Republican

A handwritten signature in cursive script that reads "Ric Keller".

Ric Keller
Senior Ranking Republican
Subcommittee on Higher Education,
Lifelong Learning and
Competitiveness